

**REPORT OF THE
AUDITOR
GENERAL ON THE
ANNUAL
FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
30TH JUNE 2012**

REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE GERT SIBANDE DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the separate financial statements of the Gert Sibande District Municipality set out on pages xx to xx, which comprise the separate statement of financial position as at 30 June 2012, the separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the separate financial statements present fairly, in all material respects, the financial position of the Gert Sibande District Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 32 to the financial statements, the municipality is the defendant in a contractual dispute with Inhlakanipho Consultants. The municipality is opposing the claim as they believe that they cannot pay for a product that has not been delivered. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 4 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of the componentisation of the assets during the year ended 30 June 2012 in the financial statements of the municipality at, and for the year ended, 30 June 2011.

Material impairments

10. As disclosed in note 15 to the financial statements, material impairments of R7 841 929 were incurred as a result of the provision for doubtful debts.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information*.
16. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

18. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the matter below.

Achievement of planned targets

19. Only 12 of the 24 planned targets were achieved during the year under review. This means that 50% of the total planned targets were not achieved during the year under review. This was as a result of the municipality not considering relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Annual financial statements, performance report and annual report

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

22. The accounting officer did not take effective steps to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

23. Invitations for competitive bidding were not always advertised for the required minimum period, as required by Supply Chain Management (SCM) Regulation 22(1) and (2).
24. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
25. A list of accredited prospective providers was not in place for procuring goods and services through quotations, as required by SCM Regulation 14(1)(a).
26. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB Regulation 18.

Internal control

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

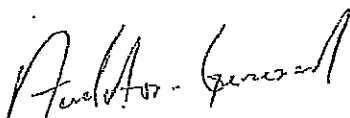
Financial and performance management

28. The financial statements submitted for audit purposes were not adequately reviewed by the accounting officer, which resulted in material adjustments being made following the audit process.
29. The SCM unit of the municipality was not centralised, which resulted in non-compliance with some of the SCM Regulations.

OTHER REPORTS

Investigations

30. An investigation is being conducted to probe the manner in which the municipality was defrauded of R9,7 million in February 2012. PricewaterhouseCoopers Advisory Services (Pty) Ltd was appointed by the municipality to provide assistance with the forensic technology-related investigation with regard to the alleged cyber-related crime on the municipality's electronic payment system. The investigation was still ongoing at the reporting date.



Nelspruit

30 November 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

**REPORT OF THE
AUDITOR GENERAL
ON THE
CONSOLIDATED
ANNUAL FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
30TH JUNE 2012**

REPORT OF THE AUDITOR-GENERAL TO MPUMALANGA PROVINCIAL LEGISLATURE AND COUNCIL ON GERT SIBANDE DISTRICT MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated financial statements of the Gert Sibande District Municipality and subsidiaries set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2012, the separate statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Recognised Accounting Standards (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no 56 of 2003) (MFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Gert Sibande District Municipality and its subsidiaries as at 30 June 2012 and its financial performance and cash flows for the year

then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the MFMA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. With reference to note 36 to the financial statements, the municipality is the defendant in a contractual dispute with Inhlakanipho Consultants. The municipality is opposing the claim as it believes that they cannot pay for a product that has not been delivered. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 4 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of componentisation of the assets during 30 June 2012 in the financial statements of the Gert Sibande District Municipality at; and for the year ended, 30 June 2011.

Material impairments

10. As disclosed in note 10 to the financial statements, material impairments to the amount of R7 841 929 were incurred as a result of provision for doubtful debts.

Additional matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent

with the development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information* (NTFMPPI).

16. The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

18. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter below.

Achievement of planned targets

19. Only 12 of the 24 planned targets were achieved during the year under review. This means that 50% of the total planned targets were not achieved during the year under review. This was as a result of the municipality not considering relevant systems and evidential requirements during the annual strategic planning process.

Compliance with laws and regulations

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements, performance and annual reports

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

22. The accounting officer did not take effective steps to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act

Procurement and contract management

23. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2).

24. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
25. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1) (a).
26. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

Internal control

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Financial and performance management

28. The financial statement submitted for audit purposes was not adequately reviewed by the accounting Officer which resulted in material adjustment being made as a result of the audit purposes.
29. The Supply Chain Management Unit of the Municipality was not centralised that resulted in non compliance with some of the supply chain regulations.

OTHER REPORTS

INVESTIGATIONS

30. Investigations in progress

- An investigation is being conducted to probe the manner in which the municipality was defrauded the amount of R 9.7m in February 2012. PricewaterhouseCoopers Advisory Services (Pty) Ltd was appointed by the Gert Sibande District Municipality (GSDM) to provide assistance with the Forensic Technology related investigation with regards to the alleged cyber related crime on GSDM's electronic payments system. The investigation was still ongoing at the reporting date.

Auditor-General
Nelspruit

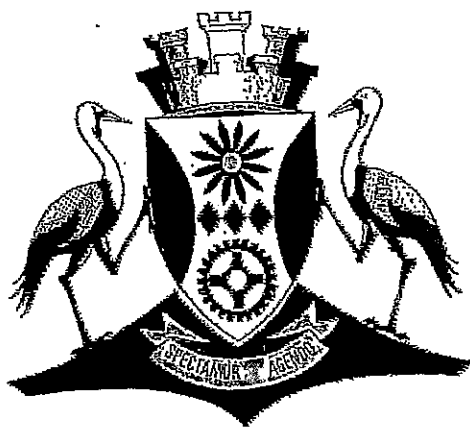
30 November 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GERT SIBANDE DISTRICT MUNICIPALITY



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2012

Gert Sibande District Municipality and it's Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

General Information

Mayoral committee
Executive Mayor MPP Nhlabathi

Chief Finance Officer (CFO) AY Singh

Acting Accounting Officer Vusi Ngcobo

Registered office C/O Joubert & Oosthuizen street
Ermelo
Mpumalanga
2350

Business address C/O Joubert & Oosthuizen street
Ermelo
Mpumalanga
2350

Postal address P.O. Box 1748
Ermelo
Mpumalanga
2350

Bankers ABSA Bank

Gerf Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

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Abbreviations

COID Compensation for Occupational Injuries and Diseases

CRR Capital Replacement Reserve

DBSA Development Bank of South Africa

SA GAAP South African Statements of Generally Accepted Accounting Practice

GRAP Generally Recognised Accounting Practice

GAMAP Generally Accepted Municipal Accounting Practice

HDF Housing Development Fund

IAS International Accounting Standards

IFRS International Financial reporting Standards

IMFO Institute of Municipal Finance Officers

IPSAS International Public Sector Accounting Standards

ME's Municipal Entities

MEC Member of the Executive Council

MFMA Municipal Finance Management Act

MIG Municipal Infrastructure Grant (Previously CMIP)

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Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of group and its entities as at the end of the financial year and the results of operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's consolidated annual financial statements.

The consolidated annual financial statements set out on pages 5 to 69, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2012 and were signed by:

Vusi Ngcobo
Acting Municipal Manager

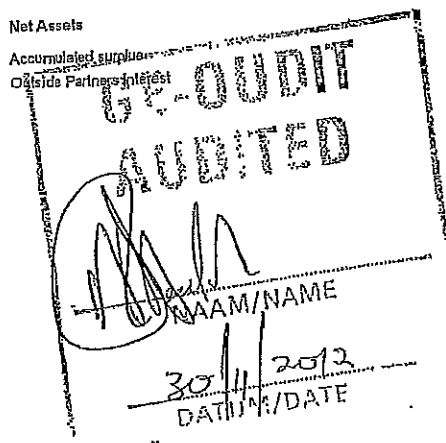
Ermelo
30 September, 2012

Gert Sibande District Municipality and it's Municipal Entities

Statements of Financial Position for the year ended 30 June 2012

Statements of Financial Position for the year ended 30 June 2012		Group		Municipality	
	Note(s)	2012	2011	2012	2011
Figures in Rand					
Assets					
Current Assets					
	10	3 195 513	13 045 108	3 195 513	13 045 108
Debtors	11	8 014 258	9 228 988	8 014 258	9 228 988
VAT receivable	7	2 443 735	58 000	2 443 735	58 000
Irregular expenditure	9	269 655	237 417	269 655	237 417
Current portion of Study bursaries		58 631	-	-	-
Sundry Debtor	12	35 576 713	12 365 923	33 442 158	10 261 116
Cash and cash equivalents		49 559 505	34 935 436	47 366 319	32 850 629
Non-Current Assets					
Property, plant and equipment	4	329 009 607	331 214 861	329 009 607	331 214 861
Investment in municipal entities	5			33 051 679	32 824 432
Heritage assets	8	154 250	124 450	154 250	124 450
		329 163 757	331 339 311	362 215 436	364 163 743
	13	11 503 687	10 306 300	11 503 687	10 306 300
Non-current assets held for sale and assets of disposal groups		390 226 949	376 581 047	421 085 442	407 320 672
Total Assets					
Liabilities					
Current Liabilities					
Other financial liabilities	14	6 673 388	6 150 858	6 673 388	6 150 858
Finance lease obligation	15	539 359	-	539 359	-
Creditors	16	58 334 814	42 221 627	58 334 814	42 221 629
		65 547 561	48 372 483	65 547 561	48 372 485
Non-Current Liabilities					
Other financial liabilities	14	19 235 814	25 909 202	19 235 814	25 909 202
Finance lease obligation	15	1 179 237	-	24 001 548	22 172 601
Retirement benefit obligation	6	274 496	255 930	274 496	255 930
Provisions	16	951 917	-	951 917	-
Deferred profit on sale and leaseback	17			2 553 649	2 991 417
		21 541 464	26 165 132	47 017 424	51 329 150
		67 169 025	74 537 615	112 564 985	99 701 635
Total Liabilities					
		303 037 924	302 043 432	308 520 457	307 619 037
Net Assets					
Net Assets					
Accumulated surplus		302 857 333	301 868 149	308 520 457	307 619 037
Outside Partners Interest		180 592	175 283		
		303 037 924	302 043 432	308 520 457	307 619 037

Net Assets

Accumulated surplus
Outside Partners Interest

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Gert Sibanda District Municipality and it's Municipal Entities

Statements of Financial Performance for the year ended 30 June 2012

Figures in Rand	Note(s)	Group		Municipality	
		2012	2011	2012	2011
Revenue				279 940 990	246 890 476
Government grants & subsidies	20 and 21	279 940 990	246 890 476	505 111	-
Rental income		505 111	-	5 295 318	3 354 219
Income from entities		(23 384)	-	1 091 643	5 668 644
Other income	24	1 991 643	5 668 644	3 605 234	3 299 897
Interest received - investment		3 617 832	3 355 529	-	52 840
Gains on disposal of assets		-	52,840	8 366	2 725 234
Interest received - other		127 532	2 781 734	291 346 660	261 991 310
Total Revenue		286 169 724	258 749 223		
Expenditure				(54 599 110)	(46 517 494)
Employee related costs	27	(54 599 110)	(46 517 493)	(8 876 351)	(8 164 618)
Remuneration of councillors	28	(8 876 351)	(8 164 618)	(11 849 628)	(6 776 770)
Depreciation and amortisation	29	(11 849 628)	(6 776 770)	(7 841 929)	-
Impairment loss	26	(7 841 929)	-	(8 161 353)	(5 476 063)
Finance costs	30	(2 871 343)	(1 566 753)	(1 821 761)	(1 138 714)
Repairs and maintenance		(1 821 761)	(1 138 714)	(1 904 592)	(958 758)
Contracted services	32	(1 904 592)	(956 753)	(147 945 613)	(126 821 021)
Grants and subsidies paid	33	(147 945 613)	(126 821 021)	(23 933 221)	-
Loss on disposal of assets	26	(23 933 221)	-	(21 572 507)	(18 123 672)
General Expenses	25	(21 572 507)	(18 123 672)	(288 495 955)	(214 975 005)
Total Expenditure		(283 215 945)	(210 065 684)	(1 746 052)	-
Fair value adjustments		(1 746 052)	-	1 104 653	47 016 305
Surplus for the year		1 197 727	48 683 529		
Less Outside Partners' interests		(5 308)	(21 050)		
Attributable to the Municipality		1 192 419	48 662 479	1 104 653	47 016 305

EXTERNAL AUDIT

 NAME/NAME
 30/11/2012
 DATUM/DATE

349.

Gert Sibande District Municipality and it's Municipal Entities

Statements of Changes In Net Assets for the year ended 30 June 2012

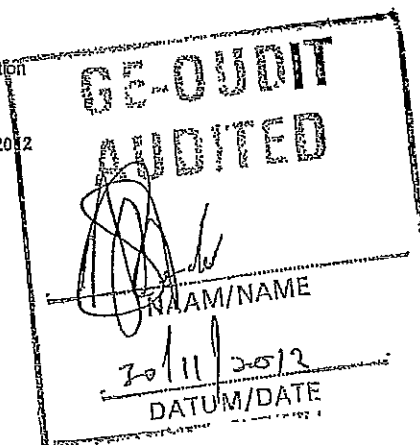
Figures in Rand

Municipality	Accumulated surplus	Total net assets
Opening balance as previously reported	260 284 473	260 284 473
Adjustments		
VAT adjustment on sale and leaseback	931,315	931,315
Prior year adjustments	(613 056)	(613 056)
Balance at 01 July 2010 as restated	260 602 732	260 602 732
Changes in net assets		
Surplus for the year	47 016 305	47 016 305
Total changes	47 016 305	47 016 305
Balance at 01 July 2011	307 619 037	307 619 037
Changes in net assets		
Prior year adjustment	(203 233)	(203 233)
Net Income (losses) recognised directly in net assets	(203 233)	(203 233)
Surplus for the year	1 104 653	1 104 653
Total recognised income and expenses for the year	901 420	901 420
Total changes	901 420	901 420
Balance at 30 June 2012	308 520 457	308 520 457

Note(s)

Group

	Accumulated Surplus	Outside Partners Interest
Balance at 1 July 2010 as previously stated	252 592 308	154 233
Contribution of donation reserve (Transferred from accumulated surplus)		
Offsetting of depreciation (Transferred to accumulated surplus)	48 662 479	21 050
Surplus for the year	613 362	
Prior year Adjustment	301 868 149	175 283
Restated Balance at 30 June 2011		
Prior year adjustment	(203,233)	-
Offsetting of depreciation	1 192 419	5 309
Surplus for the year	(2)	
Rounding	302 857 333	180 592
Balance at 30 June 2012		



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Gert Sibande District Municipality and It's Municipal Entities

Cash Flow Statements for the year ended 30 June 2012

Cash Flow Statements for the year ended 30 June 2012					
	Group	Municipality			
		2012	2011	2012	2011
Figures in Rand	Note(s)				
Cash flows from operating activities					
Receipts					
Sale of goods and services		2 005 665	(4,643,130)	2 005 665	(4,643,130)
Grants		279 940 990	246 584 403	279 940 990	246 584 403
Interest received		3,705,674	6 228 363	3,613,600	8 025 131
Other receipts		5,055,445	11 863 624	5,055,445	10 541 725
		<u>291 709 775</u>	<u>250 133 260</u>	<u>291 616 701</u>	<u>258 608 129</u>
Payments					
Employee costs		(52 504 978)	(54 540 017)	(52 504 978)	(54 540 017)
Suppliers		(145 915 453)	(128 218 831)	(145 915 453)	(128 218 831)
Interest paid		(8 151 354)	(5 078 253)	(8 151 354)	(5 078 253)
Other payments		(12 236 726)	(28 585 586)	(12 236 726)	(28 585 586)
		<u>(228 808 511)</u>	<u>(216 422 687)</u>	<u>(228 808 511)</u>	<u>(216 422 687)</u>
Net cash flows from operating activities	34	<u>62 901 264</u>	<u>43 710 573</u>	<u>62 808 190</u>	<u>42 185 442</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(35 789 069)	(119 175 027)	(35 789 069)	(119 175 027)
Proceeds from sale of property, plant and equipment	4	181 514	52 840	181 514	52 840
(Increase)/decrease in non current investments		(29 800)	(124,450)	(227 247)	1,145,217
Purchase of heritage assets				(29 800)	(124,450)
Net cash flows from investing activities		<u>(35 637 355)</u>	<u>(119 246 637)</u>	<u>(35 864 602)</u>	<u>(118 101 420)</u>
Cash flows from financing activities					
(Decrease)/increase in long term loans		(5 150 856)	35 000 000	(5 150 856)	35 000 000
Movement in finance lease		2 140 538	(3 099 851)	2368309	(2 939 942)
Finance lease payments		(42 801)	864 220		847 542
Net cash flows from financing activities		<u>(4 053 119)</u>	<u>32 764 369</u>	<u>(3 782 547)</u>	<u>32 907 700</u>
Net increase/(decrease) in cash and cash equivalents		<u>23 210 790</u>	<u>(42 771 695)</u>	<u>23 161 041</u>	<u>(43 008 276)</u>
Cash and cash equivalents at the beginning of the year		<u>12 365 923</u>	<u>55 137 618</u>	<u>10 281 116</u>	<u>53 164 944</u>
Cash and cash equivalents at the end of the year	12	<u>35 576 713</u>	<u>12 365 923</u>	<u>33 442 157</u>	<u>10 156 668</u>

AUDITED

CRAM/NAME

30/11/2012

DATE/DATE

Accounting Policies

1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. A summary of the significant accounting policies, which have been consistently applied, are disclosed below. These accounting policies are consistent with the previous period.

1.1 Consolidation

Investment in associates

An associate is an entity over which the controlling entity has significant influence and which is neither a controlled entity nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the municipality's share of net assets of the associate, less any impairment losses.

Equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the municipality's share of net assets of the investee. The surplus or deficit of the municipality includes the municipality's share of the surplus or deficit of the investee.

The municipality's share of the surplus or deficit of the investee is recognised in surplus or deficit. Distributions received from an investee reduce the carrying amount of the investment.

The most recent available annual financial statements of the associate are used by the municipality in applying the equity method. When the reporting date of the municipality and the associate are different, the associate prepares, for the use of the municipality, annual financial statements as of the same date as the annual financial statements of the municipality unless it is impractical to do so.

1.2 Significant judgements and sources of estimation uncertainty

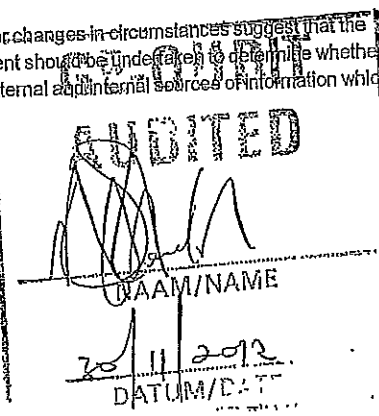
In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. At each reporting date an assessment should be undertaken to determine whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred.



Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations. The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

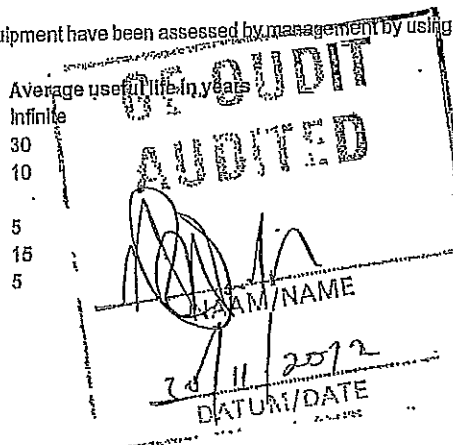
Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed by management by using industry norms and are shown below:

Item	Average useful life in years
Land	Infinite
Buildings (including air conditioning systems)	30
Furniture and fixtures	10
Motor vehicles	5
-Other vehicles	15
-Construction Vehicles	5
Office equipment	5



Accounting Policies

1.3 Property, plant and equipment (continued)

IT equipment	3-5
Infrastructure	
-Electrical Network Equipment	20
-Roads	30
Building fixtures	10
Artwork	infinite

The depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Work-in-Progress is recognised by the municipality as expenses are incurred on a capital project or asset in the financial period. Work-in-progress is transferred to property, plant and equipment when it is technically complete. Work-in-progress is not depreciated or amortised.

1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

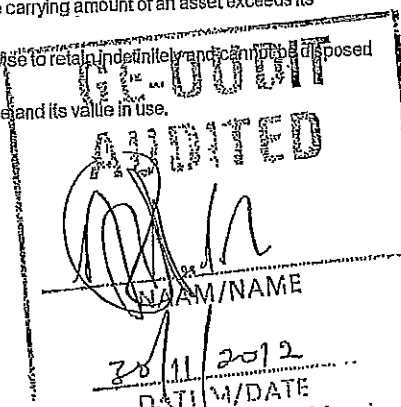
Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.



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Accounting Policies

1.4 Heritage assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.
Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.
Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

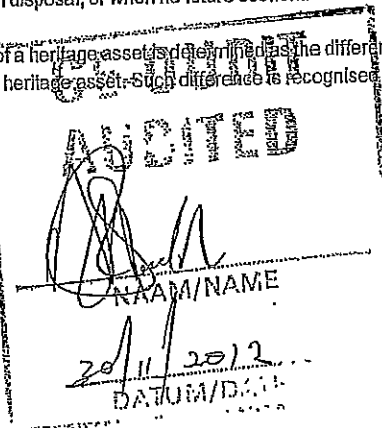
Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.
Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.



Accounting Policies

1.5 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Basis of consolidation:

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality.

On acquisition, the assets and liabilities of a municipal entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised. The excess over the cost of acquisition over the fair value of the groups share of the fair value of the net assets and liabilities acquired is recorded as goodwill.

The results of municipal entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other municipal entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

1.6 Financial Instruments

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit quality of cash at bank and short term deposits, excluding cash on hand

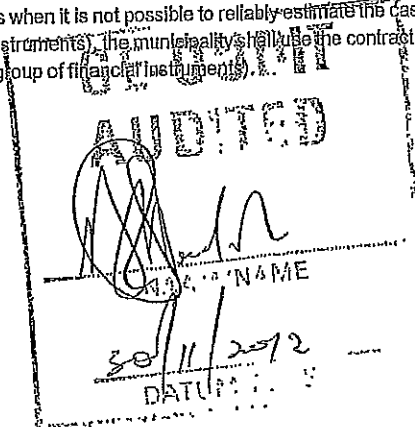
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

- cash;
- a residual interest in another entity; or



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Accounting Policies

1.6 Financial Instruments (continued)

-a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from non-exchange tra	Financial asset measured at amortised cost
Trade and other receivables from exchange transac	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Non current investments	Financial asset measured at amortised cost
Other non current investments (shares)	Financial asset measured at fair value
Other	Financial asset measured at fair value

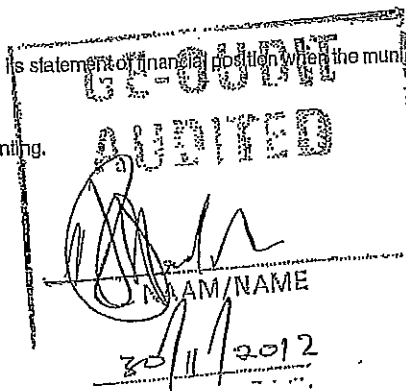
The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Borrowings	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.



Accounting Policies

1.6 Financial Instruments (continued)

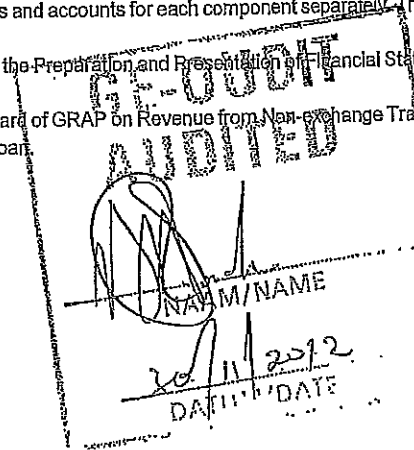
Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial Instruments at fair value.
- Financial Instruments at amortised cost.
- Financial Instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Fair value of the financial liabilities carried at amortised cost

The fair value of other financial liabilities have been determined by using the face values as determined by the different institutions and the balance shown is the face value of the outstanding capital.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

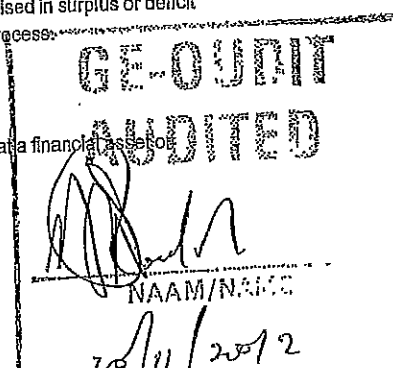
Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.



Gert Sibande District Municipality and its Municipal Entities
Consolidated Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.6 Financial instruments (continued)

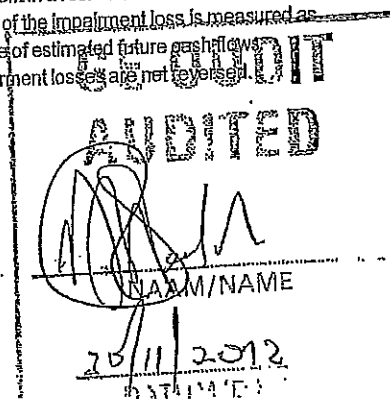
Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



Accounting Policies

1.6 Financial Instruments (continued)

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
 - the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
 - the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
- derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

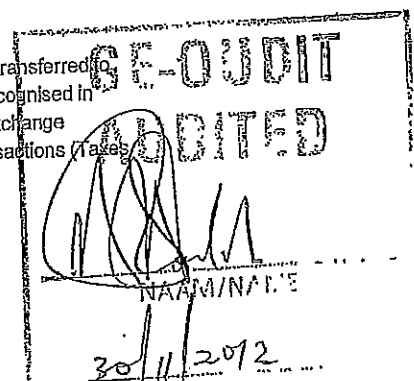
If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).



Accounting Policies

1.6 Financial Instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.8 Non-current assets held for sale and disposal groups

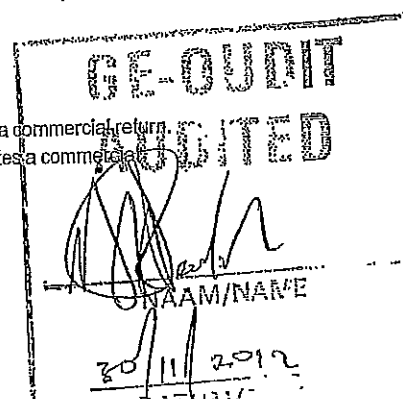
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.



Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

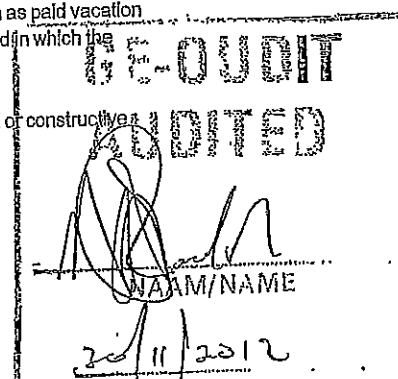
After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



Accounting Policies

1.10 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit plans

An actuarial valuation is conducted on an annual basis by independent actuaries for a defined benefit plan for post employment medical benefits for a sole remaining pensioner.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets. Current employees do not enjoy post retirement benefits.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

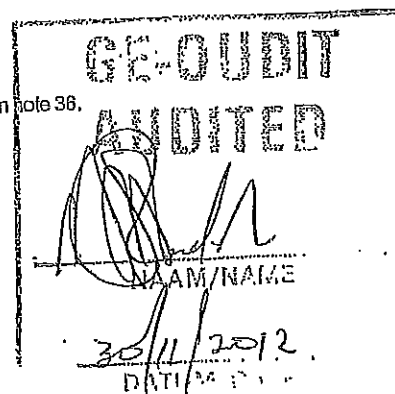
Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.



Accounting Policies

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

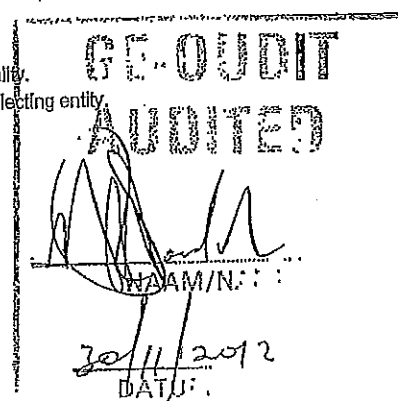
The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. Where debt is carried at a value other than fair value, the receivable is recognised at the carrying amount.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.



Gert Sibande District Municipality and its Municipal Entities
Consolidated Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

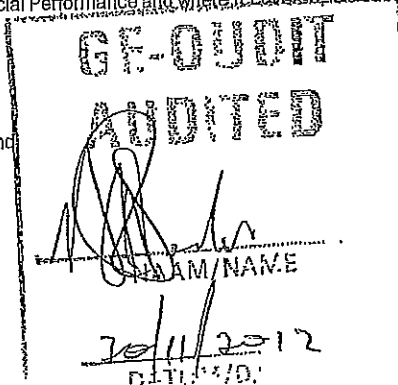
All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Presentation of currency

These annual financial statements are presented in South African Rand



Gert Sibande District Municipality and its Municipal Entities
Consolidated Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

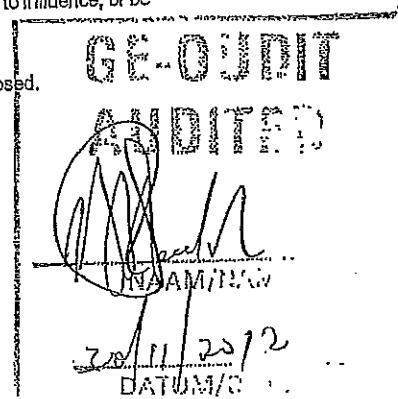
1.22 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.



Gert Sibande District Municipality and its Municipal Entities
Consolidated Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

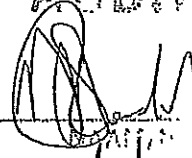
2 Changes in accounting policy

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the withdrawal of the following new or revised standards as per Directive 5 as issued by the Accounting Standard Board and for the adoption of the following new or revised standards.

- IAS 32 Financial Instruments: Presentation withdrawn.
- IAS 39 Financial Instruments: Recognition and Measurement withdrawn.
- IFRS 7 Financial Instruments: Disclosures withdrawn.
- IAS 19 Employee Benefits withdrawn.
- Formulated a policy within Accounting Policies of the AFS for Financial Instruments based on GRAP 104.
- Formulated a policy within Accounting Policies of the AFS for Impairments based on GRAP 21 and GRAP 28.
- Formulated a policy within Accounting Policies of the AFS for Employee Benefits based on GRAP 25.
- Formulated exchange Transactions based on GRAP 23.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2011 is as follows:

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

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Gert Sibande District Municipality and Its Municipal Entities
Consolidated Annual Financial Statements for the year ended 30 June 2012

Annual Financial Statements for the year ended 30 June 2012

3 New standards and interpretations

3.1 Standards and Interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
☐ IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April 2011	None
☐ IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April 2011	None
☐ IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April 2011	None
☐ IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2011	None
☐ IGRAP 6: Loyalty Programmes	01 April 2011	None
☐ IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April 2011	None
☐ IGRAP 9: Distributions of Non-cash Assets to Owners	01 April 2011	None
☐ IGRAP 10: Assets Received from Customers	01 April 2011	None
☐ IGRAP 13: Operating Leases – Incentives	01 April 2011	None
☐ IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011	None
☐ GRAP 1 (as revised 2010): Presentation of Financial Statements	01 April 2011	None
☐ GRAP 2 (as revised 2010): Cash Flow Statements	01 April 2011	None
☐ GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors	01 April 2011	None
☐ GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates	01 April 2011	None
☐ GRAP 9 (as revised 2010): Revenue from Exchange Transactions	01 April 2011	None
☐ GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies	01 April 2011	None
☐ GRAP 11 (as revised 2010): Construction Contracts	01 April 2011	None
☐ GRAP 12 (as revised 2010): Inventories	01 April 2011	None
☐ GRAP 13 (as revised 2010): Leases	01 April 2011	None
☐ GRAP 14 (as revised 2010): Events After the Reporting Date	01 April 2011	None
☐ GRAP 16 (as revised 2010): Investment Property	01 April 2011	None
☐ GRAP 17 (as revised 2010): Property, Plant and Equipment	01 April 2011	None
☐ GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets	01 April 2011	None
☐ GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations	01 April 2011	None

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Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Annual Financial Statements for the year ended 30 June 2012

3 New standards and interpretations (continued)

3.2 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods::

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
☐ GRAP 18: Segment Reporting	01 April 2013	No significant impact
☐ GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	No significant impact
☐ GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	No significant impact
☐ GRAP 103: Heritage Assets	01 April 2012	No significant impact
☐ GRAP 21: Impairment of non-cash-generating assets	01 April 2012	No significant impact
☐ GRAP 26: Impairment of cash-generating assets	01 April 2012	No significant impact
☐ GRAP 25: Employee benefits	01 April 2013	No significant impact
☐ GRAP 104: Financial Instruments	01 April 2012	No significant impact
☐ GRAP 105: Transfers of functions between entities under common control	01 April 2014	No significant impact
☐ GRAP 106: Transfers of functions between entities not under common control	01 April 2014	No significant impact
☐ GRAP 107: Mergers	01 April 2014	No significant impact
☐ GRAP 20: Related parties	01 April 2013	No significant impact
☐ IGRAP 11: Consolidation – Special purpose entities	01 April 2014	No significant impact
☐ IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	No significant impact
☐ GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	No significant impact
☐ GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	No significant impact
☐ GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	No significant impact
☐ GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	No significant impact
☐ GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	No significant impact
☐ GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	No significant impact
☐ GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	No significant impact
☐ GRAP 12 (as revised 2012): Inventories	01 April 2013	No significant impact
☐ GRAP 13 (as revised 2012): Leases	01 April 2013	No significant impact
☐ GRAP 16 (as revised 2012): Investment Property	01 April 2013	No significant impact
☐ GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	No significant impact
☐ GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	No significant impact
☐ GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	No significant impact
☐ IGRAP 16: Intangible assets website costs	01 April 2013	No significant impact

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

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Get Shanda District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand

4. Property, plant and equipment

	Group and Municipality			
	2012	2011	2010	2009
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Land	320 000	-	320 000	320 000
Buildings	270 425 134	(41 023 729)	229 401 405	227 521 000
Plant and machinery	1 404 500	(285 230)	1 119 270	1 119 270
Furniture and fixtures	4 200 677	(682 471)	3 518 206	3 518 206
Motor vehicles	5 312 970	(830 457)	4 482 513	4 482 513
Other equipment	7 316 062	(1 324 651)	6 000 000	6 000 000
IT equipment	26 073 973	(1 407 392)	24 666 581	24 666 581
Building fixtures	23 031 981	(3 213 864)	19 818 117	19 818 117
Depreciated vehicles	4 101 970	(1 457 039)	2 644 931	2 644 931
Work in progress	1 000 245	-	1 000 245	1 000 245
Total	327 433 237	(53 423 850)	274 009 387	274 009 387

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	320 000	-	-	-	-	320 000
Buildings	227 521 000	20 018 016	-	-	(7 725 633)	239 803 383
Plant and machinery	1 119 270	-	-	-	(140 812)	978 458
Furniture and fixtures	3 518 206	1 233 080	-	-	(153 657)	4 607 629
Motor vehicles	4 482 513	3 067 005	(909 007)	-	(434 049)	6 626 462
Other equipment	6 000 000	1 300 000	-	-	(534 270)	6 765 730
IT equipment	24 666 581	1 510 211	(14 410)	-	(1 055 059)	25 147 323
Building fixtures	19 818 117	2 059 244	-	-	(2 409 259)	19 468 102
Depreciated vehicles	2 644 931	(23 716 409)	-	-	(237 765)	(20 309 243)
Work in progress	1 000 245	84 144 795	-	-	(14 879 880)	350 365 160
Total	327 433 237	35 723 053	(24 114 795)	-	(14 879 880)	350 365 160

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	320 000	-	-	-	-	320 000
Buildings	227 521 000	82 251 072	-	-	(1 307 064)	226 464 908
Plant and machinery	1 119 270	530 063	-	-	(18 524)	1 630 809
Furniture and fixtures	3 518 206	2 041 103	-	-	(723 359)	5 835 950
Motor vehicles	4 482 513	1 400 000	-	-	(375 509)	5 506 994
Other equipment	6 000 000	1 400 000	-	-	(108 000)	7 292 000
IT equipment	24 666 581	1 716 000	-	-	(332 354)	26 050 227
Building fixtures	19 818 117	2 071 949	-	-	(804 889)	20 985 177
Depreciated vehicles	2 644 931	(185 151 469)	-	-	(2 518 159)	(185 614 697)
Work in progress	1 000 245	118 410 217	-	-	(8 048 380)	121 362 082
Total	327 433 237	35 723 053	(24 114 795)	-	(14 879 880)	350 365 160

The municipality comprehensive all of its fixed assets in 2011/12 during this exercise it became evident that the classification of the 2011/12 assets versus incurred the following differences were corrected in 2011/12:

These changes do not have an impact on the net carrying value of fixed assets only the classification between asset classes.

Description	Property, plant and equipment, siler componentisation	Amount disclosed in prior audited AFS	Adjustment
Land and buildings	229 721 175	229 595 077	(126 092)
Furniture	4 387 000	4 327 014	(59 986)
Motor vehicles	5 733 053	42 430 223	(36 697 170)
Other equipment	2 305 231	6 452 235	(4 147 004)
IT equipment	6 469 330	762 459	5 706 871
Building fixtures	124 669	24 071 549	(23 946 880)
Depreciated vehicles	1 464 500	1 404 988	(59 512)
Plant and equipment	21 000 462	350 446 015	(329 445 553)
Work in progress	118 410 217	118 410 217	-
Total	229 721 175	229 595 077	(126 092)

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Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

Group and Municipality	
Figures in Rand	
	2012
	2011
4 Property, plant and equipment (continued)	
Assets subject to finance lease (Net carrying amount)	
Office equipment	1 712 470
Reconciliation of Work-In-Progress 2012	
	Included within Other PPE
Opening balance	22 816 167
Additions/capital expenditure	1 088 245
Transferred to completed items	(22 816 167)
	1 088 245

Reconciliation of Work-In-Progress 2011	Included within Infrastructure	Included within Other PPE	Total
Opening balance	21 080 462	129 071 018	150 151 480
Additions/capital expenditure	-	22 816 167	22 816 167
Transferred to completed items	(21 080 462)	(129 071 018)	(150 151 480)
	-	22 816 167	22 816 167

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Group		Municipality	
2012	2011	2012	2011
5 Loans to (from) economic entities			
Controlled entities		26 095 352	26 095 352
Investment in Eastvaal Financing Partnership			
GSDM hold a 99% interest in this partnership. The investment in the partnership is carried at the cost of obtaining control of the partnership, less annual distributions of contributions.		6 956 327	6 729 080
Investment in Eastvaal Development Trust			
GSDM is the 100% beneficiary of the trust. The investment in the Eastvaal Development Trust is carried at fair value. The fair value of the trust is determined by reference to the net asset value of the trust.		33 051 679	32 824 432

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Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
	2012	2011	2012	2011

Figures in Rand

5. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The FRMA liability is valued on a generally accepted actuarial valuation method. We calculated the liability on a member-by-member basis, taking into account the liabilities arising in respect of principal members and their spouses. Ages were calculated as age last birthday on 30 June 2012.

We use the Projected Unit Credit Method as prescribed by IAS 19 (AC 116). This method is based on the approximation that the post-retirement benefit is notionally built up over the employees' working life.

The actuarial valuation of FRMA liability involves the following:

The projection of future post-retirement medical contribution subsidy cashflows, taking into account probabilities of survival, withdrawal, ill-health retirement, and death in service.
The medical contribution subsidies arising in respect of adult dependants of employees.
Increasing the projected subsidy cashflows in line with expected long term contribution escalation.
Discounting these cashflows in order to express the FRMA liability in current Rand terms.

The amount represent the Municipality's liability for post-employment medical aid benefit for the sole remaining pensioner under the new defunctual plan. The Municipality's maximum liability for the current year was determined by an actuarial valuation report. Current employees do not enjoy post-retirement medical aid benefits.

Employees of the Municipality belong to the National Fund for Municipal Workers and the Municipal Gratuity Fund. These funds are defined contribution plans. The Municipality has no legal or constructive obligation to pay further contributions. Contributions are recognised as an expense in the Statement of Financial Performance in the year in which they become payable.

The amounts recognised in the statement of financial position are as follows:

Carrying value	255 930	284 349	255 930	284 349
Opening balance	(28 524)	(28 763)	(28 524)	(28 763)
Payments made	14 805	17 880	14 805	17 880
Interest cost	30 285	-	30 285	-
Actuarial (gains)/losses	274 498	255 930	274 498	255 930

7. Irregular expenditure

Balance unpaid at the beginning of the year	68 000	933 057	68 000	933 057
Current year spent	2 385 735	-	2 385 735	-
Current year recovered	-	(150 000)	-	(150 000)
Written back as per Council resolution	-	(725 057)	-	(725 057)
	2 443 735	58 000	2 443 735	58 000

Incorrect payment - SARS
During 2008/09 an amount of R120 000,35 was inadvertently paid to an individual who misrepresented himself as a SARS employee. An amount of R62 000 was recovered during the 2009/10 financial year and R58 000,35 is still outstanding and in the process of being recovered.

ABSA Fraud
An amount of R9 780 000 was fraudulently taken from the municipality's ABSA bank account. R 7057 539,02 has since been recovered. As a result of the delay in the upliftment of the amount that was initially placed, the amount of R2 722 460,98 was not recovered.

the Council recovers all its funds that has been fraudulently stolen.

8. Heritage assets

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154 250	124 450	154 250	124 450
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Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
8. Study bursaries	201 828	162 677	201 828	162 677
Study bursaries	67 829	74 740	67 829	74 740
Motor loans	(269 655)	(237 417)	(269 655)	(237 417)
Less: Short term portion	-	-	-	-

Motor loans:
Senior staff were entitled to motor loans which attracted interest at 8.5% per annum and which were repayable over a maximum period of 5 years. As from 1 July 2004 no new loans were approved in compliance with the MFMA.

10. Debtors

Govan Mbeki Municipality	-	2 531 255	-	2 531 255
Mpumalanga Province CoSTA	2 510 538	2 531 255	2 510 538	2 531 255
Other receivables	285 398	-	388 398	-
Other debtors	181 813	140 669	181 813	140 669
Dipaleseng Municipality MIG	7 841 929	7 841 929	7 841 929	7 841 929
Accrued interest	117 764	-	117 764	-
Provision for impairment - Dipaleseng	(7 841 929)	-	(7 841 929)	-
	3 188 513	13 045 108	3 188 513	13 045 108

Fair value of trade and other receivables

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R 3 188 513 (2011: R 13 045 108) were past due but not impaired.

Trade and other receivables impaired

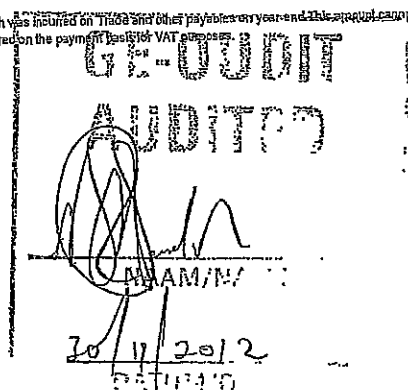
As of 30 June 2012, trade and other receivables of R 7 841 929 (2011: R -) were impaired and provided for. The amount of the provision was R 7 841 929 as of 30 June 2012 (2011: R -).

11. VAT receivable

VAT

8 014 258	9 228 988	8 014 258	9 228 988
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Included in the above is an amount of R 4 201 921 which was incurred on 1 July 2011 and which is payable over a period of 12 months. This amount cannot be claimed from SARS until payments have been made to the creditors as the municipality is registered on the payment basis for VAT purposes.



Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
Figures in Rand	2012	2011	2012	2011

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	8 600	8 600	8 600	8 600
Cash on hand	35 568 113	12 357 323	33 433 658	10 272 516
Bank balances	35 676 713	12 365 923	33 442 158	10 281 116

Municipality					
Account number / description	Bank statement balances			Cash book balances	
	30 June 2012	30 June 2011	30 June 2011	30 June 2012	30 June 2011
ABSA BANK - Current account - 1053-971-462	1,292,249	4,474,407	-	33,183,128	10,037,377
ABSA BANK - Account - 4053-211-572	31,892,979	5,574,659	-	-	-
Nedbank - Account Type - 1454-108-999	250,430	235,139	-	250,430	235,139
Total	33,435,658	10,284,205	-	33,433,558	10,272,516

Group					
	Bank Statement Balances			Cash book Balances	
	2012	2011	2011	2012	2011
ABSA BANK - Current account - 1053-971-462	1,292,249	4,474,407	-	33,183,128	10,037,377
ABSA BANK - Account - 4053-211-572	31,892,979	5,574,659	-	-	-
Nedbank - Account Type - 1454-108-999	250,430	235,139	-	250,430	235,139
Partnership account	1,697,240	2,078,880	-	1,697,240	2,078,880
Trust Account	437,315	5,927	-	437,315	5,927
Total	35,570,213	12,369,012	-	35,568,113	12,357,323

13. Discontinued operations or disposal groups or non-current assets held for sale

The non-current assets are to be sold piecemeal.

The disposal are expected to be completed by 30/06/2013.

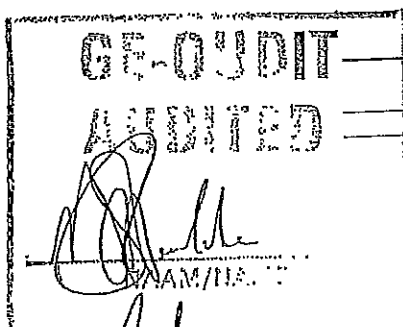
The property was included in non-current assets held for sale in 2011. The reason why it was not sold was a delay in the zoning process. Management is still committed to the sale of this asset.

14. Other financial liabilities

	25 909 202	32 060 058	25 909 202	32 060 058
Held at amortised cost				
ABSA Bank loan				

This loan is Unsecured, bears interest at 8.22% p.a. and is repayable in bi-annual instalments of R8 670 181.

	19 235 814	25 909 202	19 235 814	25 909 202
Non-current liabilities				
At amortised cost				
Current liabilities	6 673 388	6 150 858	6 673 388	6 150 858
	25 909 202	32 060 058	25 909 202	32 060 058



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Geit Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012
Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
	2012	2011	2012	2011
Figures in Rand				
15. Finance lease obligation				
Minimum lease payments due	672,144	-	5,950,667	4,630,361
- Within one year	1,289,275	-	32,310,987	26,743,719
- In second to fifth year inclusive	-	-	11,086,743	20,644,280
- Later than five years	1,960,420	-	49,348,417	52,018,297
	(241,829)	-	(24,807,509)	(29,845,695)
	1,718,597	-	24,540,908	22,172,601
less: future finance charges				
Present value of minimum lease payments	539,359	-	5,200,045	4,050,599
Present value of minimum lease payments due	1,179,238	-	15,306,588	13,004,092
- Within one year	-	-	4,034,275	5,117,910
- In second to fifth year inclusive	-	-	24,540,908	22,172,601
- Later than five years	1,179,238	-	24,001,548	22,172,601
	539,359	-	539,359	-
	1,718,597	-	24,540,907	22,172,601
Non-current liabilities				
Current liabilities				

The present value of Finance lease liability is comprised of leases from the Eastval Financing Partnership and Nashua Highveld.
The amount owed to Eastval Financing Partnership is R22 822 311 (2011: R22 172 601).
The amount owed to Nashua Highveld is R1 718 597 (2011: R0)

It is municipality policy to lease certain buildings and equipment under finance leases.

The average lease term was 3 years for equipment and the average effective borrowing rate was 9% (2011: 3%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and include additional charges for contingent rent based on the number of pages printed.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note.

16. Provisions

Reconciliation of provisions - 2012

Provision for bonuses

Opening balance	Additions	Total
0	951 916	951 916

17. Deferred profit on sale and leaseback

The property in Secunda was sold by the municipality to the Eastval Financing Partnership. This property is being leased back by the municipality through a finance lease over 20 years. Every year the deferred profit is amortised as shown in the Statement of Financial Performance.

2 553 549	2 991 417
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18. Creditors

Trade payables
Retention
Fair value adjustment - Retention
Staff leave pay
Other Creditors
Other

34 215 638	17 650 961	34 215 638	17 650 961
22 514 071	25 465 408	22 514 071	25 465 408
(2 142 218)	(3 667 551)	(2 142 218)	(3 667 551)
2 592 583	2 546 894	2 592 583	2 546 894
866 259	(11 834)	866 259	(11 834)
258 479	437 761	258 479	437 761
59 334 812	42 221 629	59 334 812	42 221 629

19. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line item below:

Finance lease obligation
Other financial liabilities
Trade and other payables

24 540 908	22 172 601	24 540 908	22 172 601
25 909 202	32 080 058	25 909 202	32 080 058
58 334 814	42 221 629	58 334 814	42 221 629
108 784 924	96 454 289	108 784 924	96 454 289

20. Revenue

Government grants & subsidies

The amount included in revenue arising from non-exchange transactions is as follows:
Transfer revenue
Grant income

279 940 990	246 890 476	279 940 990	246 890 476
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279 940 990	246 890 476	279 940 990	246 890 476
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30/11/2012

Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
	2012	2011	2012	2011
Figures in Rand				
21. Government grants and subsidies	17 634 000	16 172 955	17 634 000	16 172 955
Equitable share	-	1 600 000	-	1 600 000
DWAF	228 648 000	221 975 011	228 648 000	221 975 011
Revenue Replacement Grant	8 132 000	-	8 132 000	-
DWA	22 973 990	-	22 973 990	-
CoGTA	303 000	180 000	303 000	180 000
CBFWP	-	5 062 510	-	5 062 510
Provinc and Govan Mbeki	1 250 000	1 000 000	1 250 000	1 000 000
FMG	1 000 000	1 000 000	1 000 000	1 000 000
NSRG	279 940 990	245 890 478	279 940 990	246 890 478

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Due to the fact that the District Municipality is not providing for basic services, this grant is included in revenue.

Revenue Replacement Grant

Current-year receipts
Conditions met - transferred to revenue

228 648 000	221 975 011	228 648 000	221 975 011
(228 648 000)	(221 975 011)	(228 648 000)	(221 975 011)

DWA
Current-year receipts
Conditions met - transferred to revenue

8 132 000	-	8 132 000	-
(8 132 000)	-	(8 132 000)	-

CoGTA
Current-year receipts
Conditions met - transferred to revenue

22 973 990	-	22 973 990	-
(22 973 990)	-	(22 973 990)	-

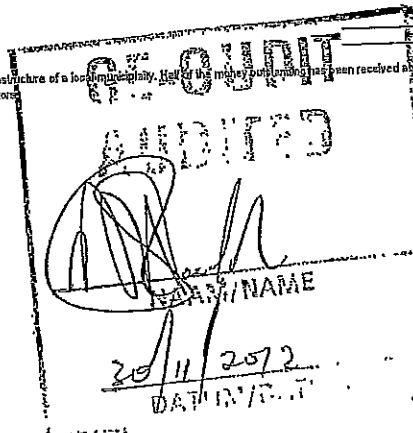
CBFWP
Current-year receipts
Conditions met - transferred to revenue

303 000	180 000	303 000	180 000
(303 000)	(180 000)	(303 000)	(180 000)

Govan Mbeki and Mpumalanga Province
Balance unpaid at beginning of year
Current-year receipts
Conditions met - transferred to revenue
Cash not yet received - transfer to debtors

(5 062 510)	-	(5 062 510)	-
2 531 255	-	2 531 255	-
-	(5 062 510)	-	(5 062 510)
2 531 255	5 062 510	2 531 255	5 062 510

This was a bi-party agreement to upgrade infrastructure of a local municipality. Half of the money budgeted has been received in year and from Govan Mbeki Local Municipality. The Mpumalanga Province is to pay the other half. This is noted in the note on Debtors.



Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
22. Government grants and subsidies (continued)				
MIG				
Current-year receipts	1 250 000	1 000 000	1 250 000	1 000 000
Conditions met - transferred to revenue	(1 250 000)	(1 000 000)	(1 250 000)	(1 000 000)
	-	-	-	-
MSIG				
Current-year receipts	1 000 000	1 000 000	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
	-	-	-	-
23. Other revenue				
Rental income - third party	505 111	-	505 111	-
Income from entities	(23 384)	-	5 342 048	3 400 851
Other income	1 991 643	5 668 644	1 991 643	5 668 644
	2 473 370	5 668 644	7 838 802	9 069 595
24. Other income				
Retentions written back	945 909	2 286 479	945 909	2 286 479
Car wash	283 551	358 748	283 551	358 748
LG Seta	263 618	142 495	263 618	142 495
Tender deposits	211 519	134 338	211 519	134 338
Other income	151 082	456 661	151 082	456 661
Unknown deposits	-	905 678	-	905 678
Sundry	135 986	447 000	135 986	447 000
Provincial donations	-	508 000	-	508 000
Penalties	-	419 245	-	419 245
	1 991 643	5 668 644	1 991 643	5 668 644

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Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
25 General expenses				
Advertising	457 185	250 040	457 185	250 040
Auditors remuneration	2 853 512	2 403 092	2 853 512	2 403 092
Bank charges	80 683	81 859	80 683	81 859
Cleaning	207 187	328 025	207 187	328 025
Consulting and professional fees	1 568 596	933 069	1 568 596	933 069
Entertainment	750 022	533 590	750 022	533 590
Flowers	12 142	19 027	12 142	19 027
Insurance	635 276	831 394	635 276	831 394
Conferences and seminars	4 715	-	4 715	-
Lease rentals on operating lease	522 588	487 558	522 588	487 558
Postage and courier	9 840	22 226	9 840	22 226
Printing and stationery	513 815	421 700	513 815	421 700
License fees	76 348	263 737	76 348	263 737
Security	1 788 010	505 303	1 788 010	505 303
Subscriptions and membership fees	530 570	440 543	530 570	440 543
Telephone and fax	2 317 450	1 730 335	2 317 450	1 730 335
Training	830 123	569 448	830 123	569 448
Travel - local	2 465 482	1 701 178	2 465 482	1 701 178
Assets expensed	312 294	2 214 859	312 294	2 214 859
Technical support	518 365	428 767	518 365	428 767
Turn around strategy	150 000	560 000	150 000	560 000
Forums	7 815	-	7 815	-
Reallocation cost	1 818 289	2 172 576	1 818 289	2 172 576
IDP Review	820 000	-	820 000	-
International relations	155 080	-	155 080	-
Municipal and other services	1 936 835	858 770	1 936 835	858 770
By-Laws	200 000	200 000	200 000	200 000
Post retirement expense	30 285	166 476	30 285	166 476
	21 572 507	18 123 572	21 572 507	18 123 572

26. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges

	522 588	487 558	522 588	487 558
Equipment				
Contractual amounts				
(Loss)/gain on sale of property, plant and equipment	(23 933 221)	52,840	(23 933 221)	52,840
Impairment on trade and other receivables	7 841 929	-	7 841 929	-
Depreciation on property, plant and equipment	11 849 528	6 776 770	11 849 528	6 776 770
Employee costs	63 475 461	54 682 112	63 475 461	54 682 112

GE-AUDIT

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30/11/2012
DATE/DATE

Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
	2012	2011	2012	2011
Figures in Rand				
27. Employees related costs				
	31 862 180	27 155 707	31 862 180	27 155 707
Basic	3 121 638	1 849 261	3 121 638	1 849 261
Bonus	1 244 806	1 009 434	1 244 806	1 009 434
Medical aid - company contributions	193 905	178 673	193 905	178 673
UIF	236 589	420 000	236 589	420 000
WCA	1 359 579	1 282 261	1 359 579	1 282 261
Leave pay provision charge	595 174	537 028	595 174	537 028
Group Insurance	6 257 463	5 518 004	6 257 463	5 518 004
Pension fund	5 502	5 363	5 502	5 363
Bargaining council	147 419	132 577	147 419	132 577
Overtime payments	4 106 192	3 314 601	4 106 192	3 314 601
Car allowance	200 854	201 705	200 854	201 705
Housing benefits and allowances	960	792	960	792
Uniforms	49 332 051	41 605 407	49 332 051	41 605 407

Remuneration of acting municipal manager

	677 268	736 735	677 268	736 735
Annual Remuneration	169 145	173 602	169 145	173 602
Car Allowance	-	105 820	-	105 820
Performance Bonuses	195 550	199 253	195 550	199 253
Contributions to UIF, Medical and Pension Funds	421 320	-	421 320	-
Leave Commutation	1 463 283	1 216 410	1 463 283	1 216 410

Remuneration of chief finance officer

	743 855	686 099	743 855	686 099
Annual Remuneration	172 387	162 385	172 387	162 385
Car Allowance	87 666	82 641	87 666	82 641
Performance Bonuses	23 165	22 581	23 165	22 581
Contributions to UIF, Medical and Pension Funds	1 027 083	853 705	1 027 083	853 705

Corporate services

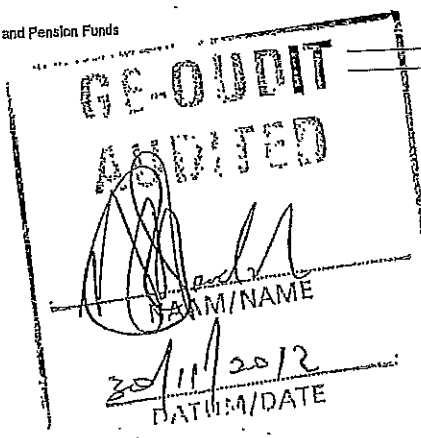
	641 402	583 882	641 402	583 882
Annual Remuneration	160 746	141 913	160 746	141 913
Car Allowance	78 266	73 780	78 266	73 780
Performance Bonuses	37 015	35 659	37 015	35 659
Contributions to UIF, Medical and Pension Funds	907 429	835 234	907 429	835 234

MIS

	574 599	582 585	574 599	582 585
Annual Remuneration	143 850	135 219	143 850	135 219
Car Allowance	87 666	82 641	87 666	82 641
Performance Bonuses	166 204	157 478	166 204	157 478
Contributions to UIF, Medical and Pension Funds	35 069	-	35 069	-
Leave Commutation	1 007 185	957 923	1 007 185	957 923

Sub total carried forward

53,737,041 45,567,680 53,737,041 45,567,680



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Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
Figures in Rand 2012 2011	2012	2011	2012	2011

27. Employee related costs (continued) IGR

Sub total brought forward	53,737,041	45,567,680	53,737,041	45,567,680
Annual Remuneration	531 697	603 404	531 697	603 404
Car Allowance	128 379	132 009	128 379	132 009
Performance Bonuses	-	78 827	-	78 827
Contributions to UIF, Medical and Pension Funds	131 752	135 673	131 752	135 673
Leave Commutation	70 241	-	70 241	-
	862 069	949 813	862 069	949 813
Total employee costs	54 599 110	46 517 493	54 599 110	46 517 493

28. Remuneration of councillors

Executive Mayor	602 014	691 058	602 014	691 058
Mayoral Committee Members	2 305 608	2 383 625	2 305 608	2 383 625
Speaker	619 086	551 832	619 086	551 832
Councillors	2 001 940	1 407 680	2 001 940	1 407 680
Mayoral Committee Allowances	1 834 607	1 535 893	1 834 607	1 535 893
Councillor Allowances	1 513 086	1 594 630	1 513 086	1 594 630
	8 876 351	8 164 618	8 876 351	8 164 618

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

29. Depreciation and amortization

Property, plant and equipment	11 849 528	6 776 770	11 849 528	6 776 770
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30. Finance costs

Trade and other payables	28 015	168 943	5 308 025	5 078 253	528 0010	168 943
Current borrowings	2 843 328	1 397 610	2 843 328	1 397 610	28 015	
	2 871 343	1 566 553	8 151 353	6 475 863		

31. Auditors' remuneration

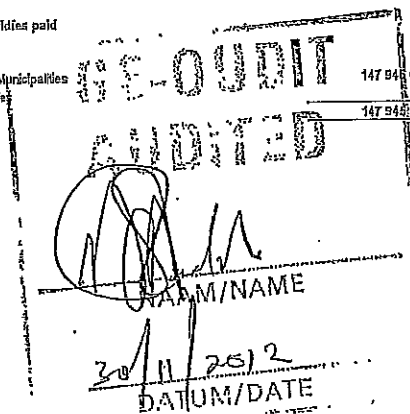
Fees	2 516 881	2 345 134	2 516 881	2 345 134
Consulting	85 164	-	85 164	-
Expenses	251 467	57 858	251 467	57 958
	2 853 512	2 403 092	2 853 512	2 403 092

32. Contracted services

Information Technology Services	689 280	770 243	689 280	770 243
Cleaning and maintenance	1 218 312	188 510	1 218 312	188 510
	1 904 592	958 753	1 904 592	958 753

33. Grants and subsidies paid

Other subsidies	147 945 613	126 728 574	147 945 613	126 728 574
Grants paid to local Municipalities	-	92 447	-	92 447
Grants paid to churches	147 945 613	126 821 021	147 945 613	126 821 021



Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
34. Cash generated from operations				
Surplus	1 197 727	48 683 529	1 104 653	47 016 305
Adjustments for:				
Prior year adjustment				
Depreciation charges	13 879 688	9 673 666	13 879 688	9 673 666
Assets adjustment	-	38 730	-	38 730
Gain (loss) on disposal of assets	23 933 221	(52 840)	23 933 221	(52 840)
Impairment loss	7 841 929	-	7 841 929	-
Movement in retirement benefit assets and liabilities	18 566	-	18 566	142 094
Movement in provisions	951 916	-	951 916	-
Sundry	681 348	456 862	681 348	456 862
Prior year adjustment	48 504 395	58 799 947	48 411 324	57 274 817
Operating surplus before working capital changes				
Changes in working capital:				
Increase/decrease in debtors	9 848 595	(4 643 130)	9 848 595	(4 643 130)
(Increase)/decrease in other receivables	(11 457 289)	820 040	(11 457 289)	820 040
(Increase)/decrease in VAT receivable	5 416 651	6 904 082	5 416 651	6 904 082
Increase/(decrease) in payables	10 588 912	(17 984 293)	10 588 912	(17 984 293)
Increase/(decrease) in conditional grants	-	(206 073)	-	(206 073)
	<u>62 901 264</u>	<u>43 710 573</u>	<u>62 808 193</u>	<u>42 185 443</u>

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for

☐ Property, plant and equipment

30 113 318	45 794 570	30 113 318	45 794 570
------------	------------	------------	------------

Authorised general expenditure

☐ Operational commitments

425 953	-	425 953	-
---------	---	---------	---

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, grants, retained surpluses, existing cash resources, funds internally generated, etc.

36. Contingencies

Litigation is in the process against the municipality relating to a dispute with an employee who alleges that the municipality has dismissed him unfairly and is seeking damages of R 799 041. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

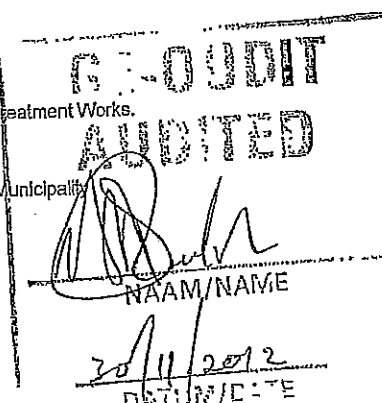
Should the action be successful, the municipality will have to pay out the amount claimed of R 799 041.

The municipality is currently engaged in a investigation against some of its employees for the missuse of municipal owned vehicles. Should they be successful, the municipality will seek to recover damages of R75 533.

Inhlakanipho Consultants-Contractual dispute arising out of tender 11/2007: Upgrading of Empulizi Water Treatment Works. Plaintiff is claiming R1 722 128,75. Estimate damount R 350 000.

Federation for Sustainable Environment: Civil litigation-Application for supply of portable water in Carolina Municipality R 1,000 000.

Ex parte: GSDM in re: end of term of office of municipal councillors. Estimated amount R 13 680.



Gert Sibande District Municipality and its Municipal Entities

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group and Municipality	
	2012	2011

37. Related parties

Relationships
Accounting Officer
Associates

Refer to accounting officer's report note
Eastvaal Financing Partnership
Eastvaal Development Trust
Highveld Printers

Close family member of key management.

Related party transactions

Purchases from related parties
Highveld Printers (Kalan Printers CC)
Mr LCT Nkosi (Mrs Nkosi) is employed as a teacher with the Kwa Zulu Natal Department of Education.
Mzamo Works (Mrs BB Nkosi (spouse)) is employed by the Department of Land Affairs

79 622	-
29 620	-
1 933 293	-

Municipality	
2012	2011

Distributions from/to entities
Eastvaal Development Trust
Eastvaal Financing Partnership

4 857 548	-
484 500	-

Group and Municipality	
2012	2011

38. Prior period errors

The useful life of certain IT equipment was estimated in 2004/5 to be 5 years. In the current period management have revised their estimate to 5 years. The effect of this revision has increased the depreciation charges for the current and future periods by R 230 230.

The adjustments to Debtors and Creditors are shown in the 2010/11 AFS. No further changes.

The adjustments on income from entities and the opening Accumulated Surplus was due to incorrect calculations done on VAT in the prior year.

The correction of errors result in adjustments as follows:

Statement of financial position	230 230	-
Change in estimate of useful life	-	(341 220)
Debtors	-	1 567 536
Creditors	-	931 315
Opening accumulated surplus or deficit	-	-
Statement of Financial Performance	-	725 057
Forged cheque written back	-	112 091
Project creditors written back	-	(46 732)
Income from entities	-	-

39. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

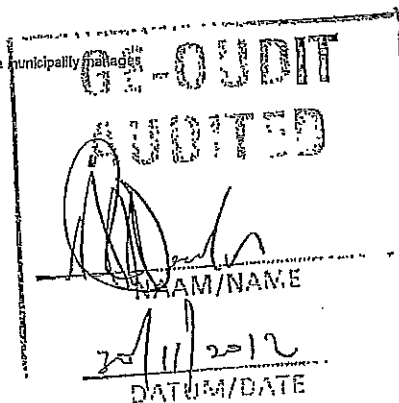
Statement of financial position	42 221 527	42 233 491
Creditors	13 045 108	13 058 942
Debtors	-	-

40. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Management ratios are also prepared and monitored on a monthly basis.



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Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

41 Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Management has assessed the impact of interest rate risk exposure to market risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The risk relating to investments is minimised due to the nature of the municipal entities finance structure.

2 Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- ☐ The building in Secunda has been sold for approximately R30 million. An offer has been received of R1.85 million for the mayoral home, but has not yet been accepted by the municipality.

43 Unauthorised expenditure

Unauthorised expenditure
Transfer of vehicles

5 280 101	-	5 280 101	-
23935874	-	23935874	-
29 215 975	-	29 215 975	-

This amount relates to the Nedbank Structured loan. This amount was not provided for in the budget, however on consolidation this amount will be eliminated and hence there is no financial impact.

Loss on construction vehicles that were transferred to the local municipalities. Due to the timing of the council resolution, it was not possible to include this item in the adjustment budget of 2011/12. Refer council item C37/12/2011.

44 Irregular expenditure

Opening balance
Add: Irregular Expenditure - current year-ABSA (fully recovered in 2012/13)
Add: Irregular Expenditure - current year-other
Less: Amounts condoned
Less: Amounts recovered
Add: Amounts noted by council

58 000	933 057	58 000	933 057
2 385 735	-	2 385 735	-
1 940 622	-	1 940 622	-
-	(725 057)	-	(725 057)
-	(150 000)	-	(150 000)
47 823	-	47 823	-
4 432 180	58 000	4 432 180	58 000

Details of irregular expenditure - current year

Incorrect SARS payment to an individual.
An amount was fraudulently removed from the municipality's bank account.
Disciplinary steps taken/criminal proceedings
Most of the funds were successfully recovered and the municipality is in process of recovering the rest

2443735	-	2443735	-
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45 Additional disclosure in terms of Municipal Finance Management Act

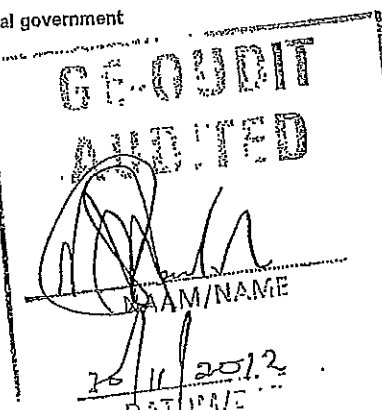
Contributions to organised local government

Current year subscription / fee
Amount paid - current year

Audit fees

Current year subscription / fee
Amount paid - current year

502 875	408 205	502 875	408 205
(502 875)	(408 205)	(502 875)	(408 205)
-	-	-	-
3 252 673	3 057 026	3 252 673	3 057 026
(3 252 673)	(3 057 026)	(3 252 673)	(3 057 026)
-	-	-	-



Gert Sibande District Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements for the year ended 30 June 2012

	Group		Municipality	
	2012	2011	2012	2011
Figures in Rand				
46. Additional disclosure in terms of Municipal Finance Management Act (continued)				
PAYE and UIF	9 931 694	8 847 583	9 931 694	8 847 583
Current year subscription / fee	(9 931 694)	(8 847 583)	(9 931 694)	(8 847 583)
Amount paid - current year	-	-	-	-
Pension and Medical Aid Deductions	13 545 773	12 022 828	13 545 773	12 022 828
Current year subscription / fee	(13 545 773)	(12 022 828)	(13 545 773)	(12 022 828)
Amount paid - current year	-	-	-	-
VAT	8 014 258	9 228 988	8 014 258	9 228 988
VAT receivable	-	-	-	-

All VAT returns have been submitted by the due date throughout the year.

Supply chain management regulations

In terms of section 35 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned. Refer to Appendix H

47. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted expenditure.

48. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted expenditure.

49. Deviation from supply chain management regulations

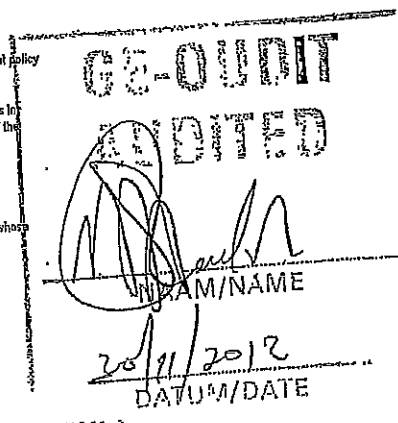
Paragraph 12(1)(d)(i) of Government gazette No. 27639 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. Refer to Appendix H

50. Consolidation

The consolidated financial statements have been prepared based on unsigned financial statements of The Eastvaal Development Trust as at 30 June 2012, due to the non availability of the Trustee being the former Municipal Manager whose contract expired at end of May 2012. The Council is in the process of appointing a replacement trustee.

All material inter entity transactions and balances have been eliminated on consolidation.



Figures in Rand

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Gert Sibande District Municipality
Appendix A
June-12
Group and Municipality

Schedule of external loans as at 30 June 2012

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during period	Balance at 30 June 2012	Carrying value of property, plant & equip	Other costs in accordance with the MFMA
Loan Stock							
Structured loans							
Funding facility							
Development Bank of South Africa							
Bonds							
Other loans							
Lease liability		22 172 601	649 710		22 822 311		
Eastvaal Financing Partnership			1 761 398	42 801	1 718 597	1 712 420	
Nashua Highveld							
		22 172 601	2 411 108	42 801	24 540 908	1 712 420	
Annuity loans							
ABSA Bank		32 060 058		6 160 856	25 909 202		
		32 060 058		6 160 856	25 909 202		
Government loans							
Total external loans							
Loan Stock							

GROUP and Municipality
Schedule of external loans as at 30 June 2012

Annuity loans
Government loans

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Analysis of property, plant and equipment as at 30 June 2012									
	Cost/Revaluation			Accumulated depreciation					
	Opening Balance	Additions	Disposals	Transfers	Closing balance	Opening Balance	Disposals	Depreciation	Carrying value
Heritage assets									
Other	124 450	29 800	-	-	154 250	-	-	-	154 250
	124 450	29 800	0	0	154 250	0	0	0	154 250
Other assets									
General vehicles	6 733 155	2 647 528	(1 067 705)	-	8 312 978	(3 355 570)	678 878	(943 667)	4 682 619
Plant & equipment	1 404 988	-	-	-	1 404 988	(154 488)	-	(140 812)	1 109 708
Computer Equipment	6 484 345	767 306	(14 749)	-	7 216 902	(4 775 083)	5 331	(534 279)	1 912 871
Furniture & Fixings	2 996 778	1 233 899	-	-	4 230 677	(335 342)	-	(357 129)	3 538 206
Office Equipment	2 335 931	188 650	-	-	2 524 581	(959 106)	-	(385 121)	1 180 352
Office equipment leased	-	176 1398	-	-	1 761 398	-	-	(48 928)	1 712 470
Work in progress	22 816 167	1 088 245	-	(22 816 167)	1 088 245	-	-	-	1 088 245
Construction Vehicles	35 537 268	-	(91 595 398)	-	4 101 870	(9 056 702)	7 878 908	(1 457 559)	2 644 311
Non current assets held for sale	15 900 155	1 549 589	(1 102 767)	-	16 346 977	(5 593 859)	750 566	(4 843 290)	11 503 687
	94 348 787	9 236 615	(33 780 619)	(22 816 167)	48 988 616	(24 240 129)	9 313 883	(2 689 701)	29 372 469

Figures in Rand

Heritage assets

Other

Other assets

General vehicles

Plant & equipment

Computer Equipment

Furniture & Fixings

Office Equipment

Office equipment leased

Work in progress

Construction Vehicles

Non current assets held for sale

Gert Sibande District Municipality
Gert Sibande District Municipality
Appendix B

June-12

Group and Municipality

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation Accumulated depreciation

Analysis of property, plant and equipment as at 30 June 2012

Analysis of property, plant and equipment										
Cost/Revaluation			Transfers				Accumulated depreciation			
Opening Balance	Additions	Disposals	Closing balance	Opening Balance	Disposals	Depreciation	Closing Balance	Carrying value		
254 793 024	22 208 532	-	299 817 723	(4 108 680)	-	(10 134 928)	(14 243 608)	285 574 115		
21 080 462	4 837 416	-	27 437 189	(352 303)	-	(1 055 060)	(1 407 363)	26 029 828		
124 450	29 800	-	154 250	-	-	-	-	154 250		
94 346 767	9 236 615	(33 780 619)	46 988 616	(24 240 129)	9 313 683	(2 689 700)	(17 616 146)	29 372 470		
370 346 723	36 312 363	(35 760 619)	374 397 778	(28 701 112)	9 313 683	(13 879 688)	(33 267 117)	341 130 661		

Figures in Rand

Total property plant and equipment

Land and buildings

Infrastructure

Heritage assets

Other assets

Analysis of property, plant and equipment as at 30 June 2011	Accumulated depreciation
--	--------------------------

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Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation			Accumulated depreciation		
	Opening Balance	Additions	Disposals	Closing balance	Disposals	Carrying value
Total property plant and equipment	33 490 934	221 302 090	-	254 793 024	(3 024)	250 684 344
Land and buildings	-	21 080 462	-	21 080 462	-	20 728 158
Infrastructure	-	124 450	-	124 450	-	124 450
Heritage assets	67 529 641	4 002 978	-	71 532 619	(1 919 202)	47 292 491
Other assets	101 020 575	246 509 980	0	347 530 555	(1 922 226)	318 829 443
Total	33 490 934	221 302 090	-	254 793 024	(3 024)	250 684 344
Land and buildings	-	21 080 462	-	21 080 462	-	20 728 158
Infrastructure	-	124 450	-	124 450	-	124 450
Heritage assets	67 529 641	4 002 978	-	71 532 619	(1 919 202)	47 292 491
Other assets	101 020 575	246 509 980	0	347 530 555	(1 922 226)	318 829 443

Figure in Rand

Total property plant and equipment

Land and buildings
Infrastructure
Heritage assets
Other assets

Total

Land and buildings
Infrastructure
Heritage assets
Other assets

392.

Segmental analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation			Accumulated depreciation		
	Additions	Disposals	Transfers	Opening Balance	Disposals	Carrying value
Opening Balance						
285 494 800	46 274 647	(24 320 423)	-	(11 238 032)	985 170	285 524 976
82 656 962	13 577 525	(32 276 363)	-	(16 672 649)	8 328 514	52 780 289
2 195 161	332 454	-	-	(792 433)	-	1 362 171
370 346 723	60 184 626	(56 596 786)	0	(28 701 114)	9 313 684	340 667 446
			0	(28 701 114)	9 313 684	
			0	(28 701 114)	9 313 684	
370 346 723	60 184 626	(56 596 786)	0	(28 701 114)	9 313 684	340 667 446

Figures in Rand

Municipality
Executive & Council/Mayor and Council
Finance & Admin/Finance
Planning and Development/Economic Development/Plan
Total

Appendix E(1)
June-12
Group and Municipality

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2012

	Current Year 2010 Act. Bal.	Current Year 2010 Adjusted Budget	Variance	Var	Explanation of Significant Variances greater than 10% versus Budget
Figures in Rand					
Revenue					
Government grants & subsidies	279 940 950	280 257 555	(328 365)	(0.1)	
Rental Income	505 111	1 007 500	(502 389)	(49.9)	Rental agreement on old building signed late.
Income from entities	5 295 315	5 295 315			
Other Income	1 981 643	833 840	1 157 803	135.9	Nothing was budgeted for retention monies to be written back.
Interest received - investment	3 695 234	2 600 000	1 095 234	38.7	Due to late implementation of projects, funds remained in bank accounts.
Interest received - other	8 356	8 370	(14)	-	
	291 346 650	284 717 656	6 628 994	2.3	
Expenses					
Personnel	(54 599 109)	(53 298 610)	9 567 591	(13.7)	Several positions were vacant during the year.
Remuneration of councillors	(8 870 352)	(9 405 090)	305 705	(3.4)	
Depreciation	(11 849 528)	(11 797 730)	(51 798)	0.4	Due to WIP, depreciation was less than anticipated.
Impairments	(7 841 929)	(7 841 929)			- This was due to A long outstanding debtor
Finance costs	(8 151 353)	(13 220)	(8 138 133)	8155.3	No finance cost was budgeted for the Eastward Trust and Partnership. This amount was not provided for in the budget, however on consolidation this amount will be eliminated and hence there is no financial impact.
Repairs and maintenance - General	(1 021 751)	(2 057 000)	235 249	(11.4)	Due to the new building, less repairs were necessary.
Contracted Services	(1 904 592)	(2 695 300)	791 708	(29.4)	Photo copiers for all departments were replaced earlier than expected.
Grants and subsidies paid	(147 945 612)	(150 456 542)	42 550 928	(22.3)	Implementation of projects was slower than anticipated, but will be included as transfer projects in the next budget.
General Expenses	(21 572 600)	(27 002 795)	5 430 237	(20.1)	The laboratory was not fully functional by year end, which resulted in lower expenses. An amount was budgeted for non-returning conditions, which was then paid by SALGA.
	(264 532 735)	(303 515 257)	41 982 522	(13.7)	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(23 933 221)	-	(23 933 221)	-	Nothing was budgeted for the loss on sale of assets.
Fair value adjustments	(1 746 052)	-	(1 746 052)	-	
	(25 679 273)	-	(25 679 273)	-	
	1 104 652	(21 787 591)	22 892 243	(105.1)	
Net surplus (deficit) for the year					

Budget Analysis of Capital Expenditure as at 30 June
2012

Figure sin Rand

	Additions	Revised Budget	Variance	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	30 565 776	33 760 136	3 194 360		9 Construction of Phase 2 of main building underway
Finance & Admin/Finance	3 159 242	7 240 000	4 080 758		56 Construction of disaster centre in Albert Luthuli underway.
Planning and Development/Economic Development/Plan	332 454	350 000	17 546		5
	34 057 472	41 350 136	7 292 664		18

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

GRANTS AND SUBSIDIES CONTRIBUTED / RECEIVED

Name of Grants and Subsidies	Quarterly Receipts				Quarterly Expenditure							Grants and Subsidies delayed/withheld	Reason for delay/withholding of funds	Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance	
	Opening balance 1 July 2011	Sept	Dec	March	June	Total	Sept	Dec	March	June	Total					Closing balance 30 June 2012
Grants																
Equitable share	0	5 619 000	5 878 000	6 137 000	0	17 634 000	5 619 000	5 878 000	6 137 000	0	17 634 000	-	0	N/A	YES	N/A
MIG Grant	0	0	0	0	0	0	0	0	0	0	0	-	0	N/A	YES	N/A
ASIG Grant	0	0	1 000 000	0	0	1 000 000	0	0	0	808 243	1 000 000	-	0	N/A	YES	N/A
MIG Grant	0	1 250 000	0	0	0	1 250 000	258 652	264 433	238 390	430 525	1 250 000	-	0	N/A	YES	N/A
Revenue Replacement Grant	0	96 939 000	76 216 000	55 433 000	0	228 648 000	55 849 720	43 408 332	55 433 000	72 956 948	228 648 000	-	0	N/A	YES	N/A
SBPWP	0	0	0	0	0	0	0	0	0	0	0	-	0	N/A	YES	N/A
DOCTA	0	0	0	22 973 990	0	22 973 990	0	0	3 256 385	19 707 605	22 973 990	-	0	N/A	YES	N/A
EPWP	0	0	72 000	234 000	0	303 000	0	72 000	231 000	0	303 000	-	0	N/A	YES	N/A
DWAF	0	0	8 132 000	0	0	8 132 000	0	0	8 132 000	0	8 132 000	-	0	N/A	YES	N/A
TOTAL GRANTS	0	103 868 000	91 298 000	64 774 990	0	279 540 990	62 727 372	49 622 765	73 626 532	93 964 321	279 940 990	-	0			

Subsidies	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Reason for delay/withholding of funds	Did your Municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance				
	Opening balance 1 July 2011	Sept	Dec	March	June	Total	Sept	Dec					March	June	Total	Closing balance 30 June 2012
Govan Mbeki	0	0	0	0	0	0	0	0	0	0	0	0	0	Sub Note 1	YES	N/A
Mpumalanga Province	0	0	0	0	0	0	0	0	0	0	0	0	2 531 255	Sub Note 1	YES	N/A

Sub Note 1. Outstanding subsidies / contributions towards the Bethal Electricity Project are receivable from the Department of Local Government and Traditional Affairs (R 2,531,255). Refer Note 11 and the amount received from Govan Mbeki (2,531,255)

GERT SIBANDE DISTRICT MUNICIPALITY			
APPENDIX H			
DEVIATION FROM PROCUREMENT PROCESSES [SUPPLY CHAIN REGULATION 36(2)]			
PERIOD: JULY 2011 - JUNE 2012			
DATE:	DEPARTMENT/ PAYMENT NO:	SUPPLIER	AMOUNT (INCL.VAT)
JUL'11	Communication Dep - 52647	Siyakha Isizwe	R 7 976.20
	Technical Services - 52249	Wozani Berg Gasoline	R 20 450.08
	Corporate Services - 52261	JMM Tours	R 11 000.00
	Technical Services - 52249	Merck (Pty) Ltd	R 6 299.64
	Technical Services - 52109	Anatech/Instruments (Pty) Ltd	R 10 419.60
	Transport Services - 52626	Beauty Mahlangu Transport Services	R 39 600.00
AUG'11			R 20 000.00
	Communication Dep - 53379	Zero to Hero	R 10 000.00
	Communication Dep - 53381	Christopher Kambule	R 6 575.00
	Corporate Services - 53358	Southern Sun - Johannesburg Int.	R 6 840.00
	Communication - 53432	Network Learning & assessment	R 2 736.00
	Corporate Services - 53434	National Laboratory Association	R 28 824.05
	Technical Services - 53192	DEHTEQ (Pty) Ltd	R 2 455.42
	Corporate Services - 53185	Emelo - Volkswagen	R 4 198.40
	Corporate Services - 52951	Siyakha Isizwe - Trading Enterprise	R 13 369.64
	Technical Services - 53190	Lactolab (Pty) Ltd	R 3 000.00
	Communication - 52940	Makhathini Gospel Group	R 8 200.00
	Technical Services - 52985	IDEXX Laboratory	R 8 000.00
	Communication - 52909	Zamangwane Mdluli (Sign Language Interpreter)	R 8 000.00
	Communication - 52908	Jabulile Soko (Sign Language Interpreter)	R 8 866.00
	Executive Mayors Office - 52972	Penta Travel	R 3 462.00
	IGR- 53376	The Royal	R 28 000.00
	Communication - 53200	Umzansi Media	R 4 391.00
	Corporate Services - 53377	Protea Hotel - The Winkler	R 11 000.00
	Council Support - 53195	Magogogo Passenger Service	R 100 878.82
	Communications - 53265	Human Communications	R 7 163.80
	Executive Mayors Office - 53219	Southern Sun - The Cullinan	R 7 350.00
	IGR- 53373	Penta Travel	R 3 462.00
	Councillor Support - 53375	The Royal	R 51 635.99
	Communications - 53186	Lowveld Media T/A Mpumalanga Mirror	R 46 303.55
	Municipal Manager - 53430	Pretorius & Co	R 67 200.00
	Corporate Services - 52749	Planet Africa Consulting	R 4 898.40
SEPT'11	Technical Services - 53662	Southern Sun - Grayston Sandton	R 13 933.19
	Corporate Services - 53690	JDJ Panelbeaters	R 3 539.70
	Technical Services - 53683	LabHouse (Pty) Ltd	R 9 211.20
	Technical Services - 53682	MetroHM SA (Pty) Ltd	R 4 774.46
	Technical Services - 53681	Anatech Instruments (Pty) Ltd	R 2 052.00
	Technical Services - 53651	National Laboratory Association	R 11 685.00
	Communication - 53678	Picasso Headline	R 28 500.00
	Communication - 53668	Umzansi Media	R 3 357.00
	Corporate Services - 53633	Peter Ucko	R 214 939.35
	Municipal Manager's Office - 53627	Institute for Performance Management	R 6 315.00
	Corporate Services - 53453	Brian Singh Consulting	R 12 000.00
	Corporate Services - 53474	Bongani Mithali Band	R 11 000.00
	Corporate Services - 53473	Rhulani Baloyi	R 51 582.72
	Finance - 53499	PriceWaterhouseCoopers	R 6 480.00
	Technical Services - 53533	SANAS	R 4 300.65
	Corporate Services - 53449	Softline VIP	R 13 265.50
	Corporate Services - 53451	Mpumalanga Mirror	R 57 319.07
OCT'11	Corporate Services - 54780	Human Communications (Pty) Ltd	R 47 823.00
	Communications - 54886	Loocha	R 3 225.00
	Corporate Services - 54894	Siyakha - Isizwe Trading Enterprise	R 57 381.12
	Technical Services - 54773	Lactolab	R 8 000.00
	Communications - 54330	Dr. S D Gumbi	

	Communications - 54324	Human Communications (Pty) Ltd	R	10 608.05
	Municipal Manager's Office - 54573	Penta Travel	R	2 833.00
	Technical Services - 54212	Penta Travel	R	4 043.00
	Technical Services - 54176	DHL Express	R	3 289.79
	Financial Services - 54173	Softline VIP	R	3 397.20
	Communications - 54331	Zero to Hero	R	25 000.00
NOV'11	Technical Services - 54941	Premier Hotels & Resorts	R	3 603.00
	Executive Mayor's office - 54917	Khuselo/ Electra JV	R	6 156.00
	Executive Mayor's office - 54917	Khuselo/ Electra JV	R	10 089.00
	Financial Services - 54938	Munsoft	R	7 400.00
	Councillor Support-54958	Magogogo Passenger Services	R	8 500.00
	Councillor Support - 54959	JMM Tours	R	20 500.00
	Councillor Support - 54960	YP Vuka Transport cc	R	8 500.00
	Technical Services - 54965	Human Communications (Pty) Ltd	R	30 913.15
	Councillor Support - 54967	Mdokis Toilet & Tent Hire cc Plus Cha	R	4 603.00
	Technical Services - 55016	Penta Travel	R	2 163.26
	Technical Services - 55022	SABS Commercial	R	2 703.17
	Executive Mayor's office - 55216	The Merchant - Lake Umuzi	R	3 540.00
	Office of The MM - 56926	Boesis Restaurant	R	17 219.70
	Corporate Services - 56235	Planet Africa Consulting	R	47 520.00
EC'11	Corporate Services - 55513	Human Communications (Pty) Ltd	R	67 735.70
	Communication - 55551	Human Communications (Pty) Ltd	R	5 032.62
	Corporate Services - 55554	Jontl Tenders (Pty) Ltd	R	10 726.12
	Corporate Services - 55562	Umkhulu Consultants	R	80 367.49
	Communication - 55649	Human Communications (Pty) Ltd	R	16 320.68
JAN'12	Corporate Services - 56137	AASA T/A Fleetcare	R	28 209.36
	Corporate Services - 56183	IMASA	R	12 500.00
	IGR - 56181	NOSA	R	15 320.00
	Communication - 56101	Arabian Nite GuestHouse	R	2 200.00
FEB'12	Communication - 56104	Human Communication	R	17 576.11
	Technical Services - 56905	Dehteq	R	27 430.86
	Communication - 56716	Human Communication	R	12 722.23
	Finance - 56890	PriceWaterhouseCoopers	R	7 410.00
	Office of the MM - 56926	Van Schaik Bookstores	R	2 552.86
	Social Dev & Planning - 56857	MEMTEC	R	284 358.28
	Finance - 56705	Softline VIP	R	25 249.86
	Communication - 56703	Human Communication	R	15 489.69
	Technical Services - 56830	SANAS	R	55 985.00
	Technical Services - 56820	National Laboratory Association	R	13 110.00
	Corporate Services - 165101	LOT Nkosi	R	33 766.80
	Social Dev & Planning - 56806	Chano Distributions cc	R	53 418.80
MAR'12	Corporate Services - 223	Human Communication	R	35 691.91
	Technical Services - 235	Dehteq	R	26 422.46
	Technical Services - 237	Anatech Instruments (Pty) Ltd	R	6 138.72
	MM's office - 195	PriceWaterHouse Coopers	R	95 797.35
	Finance - 208	Softline VIP	R	7 797.60
	Corporate Services - 168	Twala Attorneys	R	51 300.00
	Corporate Services - 169	Twala Attorneys	R	47 170.00
	Corporate Services - 170	Twala Attorneys	R	30 580.00
	CSS - 74	Doctor Maylsela	R	2 253.60
	Corporate Services - 115	Academy International	R	6 360.00
	Corporate Services - 116	Kwelanga Training	R	3 990.00
	Finance - 151	Application Peak Training & Projects	R	8 300.00
	Finance- 284	The institute for Performance Management	R	371 310.14
	Communications - 316	CTP Limited T/A Lowveld Media	R	26 782.69
	CSS - 299	Brian Singh Consulting	R	6 315.00
	Corporate Services - 305	Flight Specials T/A Penta Travel	R	40 740.00
APR'12	Communications - 559	Standerton Advertiser	R	3 257.82
	Corporate Services - 557	Community Law Centre	R	3 960.00
	Corporate Services - 554	GS College Standerton Campus	R	8 269.00
	Communications - 643	Human Communications	R	8 757.94
	Technical Services - 572	Bekker Brink & Brink Inc.	R	4 104.00

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	Corporate Services - 460	REDSKY Consulting	R	15 808.18
	MM's office - 470	Penta Travel	R	4 176.00
	Corporate Services - 521	Bono Properties	R	6 000.00
	Technical Services - 546	Dehteq Pty Ltd	R	23 421.30
	CSS - 551	Uthukela Water Pty Ltd	R	10 219.07
	CSS - 552	Lactolab Pty Ltd	R	5 918.18
	MM's office - 569	Heads on beds	R	106 503.22
MAY'12	Corporate Services - B349	Digicore Fleet Management	R	6 837.72
	MM's Office - B500	Nandos Secunda	R	1 604.25
	MM's Office - B140	Bheki Mahlangu	R	1 400.00
	MM's Office - B137	Mando Construction cc	R	5 500.00
	Corporate Services - B413	Mapaya - Payas Transport	R	3 000.00
	CSS - B502	SA Township Groove Consulting	R	69 600.00
	Corporate Services - B507	L S Khumalo	R	2 940.00
	Corporate Services - B504	Ermelo Inn	R	20 556.50
	MM's Office - 698	Penta Travel T/A Flight Specials	R	4 171.00
	Corporate Services - 704	Digicore Fleet Management	R	13 675.44
	MM's Office - 724	Penta Reisagentie T/A Flight Specials	R	5 923.00
	MM's Office - 731	Holiday Inn Express Durban	R	26 679.50
	Corporate Services - 734	Tinissa Trading	R	3 000.00
	Corporate Services - B96	S Z Maseko Taxis	R	1 320.00
	Corporate Services - B123	M S Dladla Transport	R	650.00
	Corporate Services - B124	Avocado	R	250.00
	Corporate Services - B125	A G Thanjekwayo	R	500.00
	Communications - B126	Umzansi Media	R	3 400.00
	Executive Mayor's Office - B127	Nandos Ermelo	R	1 189.50
	Corporate Services - B128	MNE Ndlovu	R	476.00
	Corporate Services - B129	3ZND Trading cc	R	7 000.00
	Executive Mayor's Office - B133	JOEV Zamanl Trading co	R	2 400.00
	Executive Mayor's Office - B134	Eli's Catering Service	R	4 000.00
	Executive Mayor's Office - B135	Masibonisani Sonke Trading	R	2 600.00
	Corporate Services - B340	A M Lukhele's Bus & Taxi Services	R	2 025.00
	Technical Services - B346	MetroHM (Pty) Ltd	R	8 625.24
	Finance - B347	Garage Equipment Service (Pty) Ltd	R	14 208.73
	Finance - B348	Garage Equipment Service (Pty) Ltd	R	2 817.93
	CSS - B361	Barodela Catering & Renovation Enter	R	3 850.00
	Corporate Services - B364	Gqunguzela Catering & Projects	R	7 000.00
	Corporate Services - B506	Midway Liquor Store	R	4 018.19
JUNE'12	Corporate Services - 860	Tshwane University of Technology	R	251 654.95
	Corporate Services - 860	Ekhaya African Restaurant	R	45 600.00
	Communications - 812	Thulasmanga Trading Enterprise	R	82 080.00
	Communications - 813	IMP Music Production	R	50 000.00
	Communications - 882	Jandrell Choir	R	5 000.00
	Communications - 891	African Serenade Choral Project	R	5 000.00
	Communications - 892	Siyangoba Performing Arts	R	5 000.00
	Communications - 896	Qhubulwazi Traditional Dance Group	R	5 000.00
	Communications - 913	Human Communication	R	47 200.29
	Technical Services - 918	Penta Travel	R	3 609.00
	Communications - 967	1000 Kings Movement	R	5 000.00
	MM's office - 1136	Penta Travel	R	2 199.04
	Communications - 1139	Human Communications	R	18 258.97
	MM's Office - 1220	Garden Court - Milpark	R	2 436.98
	MM's Office - 1221	Penta Travel	R	2 877.00
	Technical Services - 1223	Dehteq Pty Ltd	R	15 320.46
	MM's office - 1224	Peakford Management Consultants	R	12 500.00
	Finance - 1275	PriceWaterHouseCoopers	R	303 401.88
	Communications - 1277	SABC	R	224 237.20
	Communications - 1314	Sicelo Macu Band	R	5 000.00
	Technical Services - 1317	United Spectrometer Technologies	R	11 821.80
	Corporate Services - 759	Ermelo Doorcentre CC	R	2 250.00
	Executive Mayors office - 752	S A Council for the Blind	R	10 000.00
	Technical Services - 1225	Dehteq (Pty) Ltd	R	26 400.12
		GRAND TOTAL		4 481 520.98